

AMENDED IN SENATE APRIL 13, 2009

**SENATE BILL**

**No. 7**

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**Introduced by Senator Wiggins**

December 1, 2008

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An act to amend Section 25782 of the Public Resources Code, and to amend Sections 387.5 and 2827 of the Public Utilities Code, relating to energy.

LEGISLATIVE COUNSEL'S DIGEST

SB 7, as amended, Wiggins. Renewable energy sources: net metering.

(1) The existing Public Utilities Act imposes various duties and responsibilities on the Public Utilities Commission with respect to the purchase of electricity and requires the commission to review and adopt a procurement plan and a renewable energy procurement plan for each electrical corporation pursuant to the California Renewables Portfolio Standard Program. The program requires that a retail seller of electricity, including electrical corporations, community choice aggregators, and electric service providers, but not including local publicly owned electric utilities, purchase a specified minimum percentage of electricity generated by eligible renewable energy resources, as defined, in any given year as a specified percentage of total kilowatthours sold to retail end-use customers each calendar year. Under existing law, the governing board of a local publicly owned electric utility is responsible for implementing and enforcing a renewables portfolio standard that recognizes the intent of the Legislature to encourage renewable resources, while taking into consideration the effect of the standard on rates, reliability, and financial resources and the goal of environmental improvement.

Existing law relative to private energy producers requires every electric distribution utility or cooperative, upon request, to make available to an eligible customer-generator, as defined, a standard contract or tariff for net energy metering on a first-come-first-served basis until the time that the total rated generating capacity used by eligible customer-generators exceeds a specified amount. Existing law provides that where the electricity generated by the eligible customer-generator exceeds the electricity supplied by the electric distribution utility or cooperative during a 12-month period, the eligible customer-generator is a net electricity producer and the electric distribution utility or cooperative retains any excess kilowatthours generated and the customer-generator is not owed compensation for those excess kilowatthours unless the electric service provider enters into a purchase agreement with the eligible customer-generator for those excess kilowatthours.

This bill would require the ~~electric~~ *electricity* distribution utility or cooperative, at the discretion of the eligible customer-generator, to either: (1) provide net surplus electricity compensation for any net surplus electricity generated, *or electricity distribution utility or cooperative credits owed*, in the 12-month period, or (2) allow the eligible customer-generator to apply the net surplus electricity, *or electricity distribution utility or cooperative credits owed*, as a credit for kilowatthours consumed during the following, and any subsequent, 12-month periods.

Under existing law, a violation of any order, decision, rule, direction, demand, or requirement of the commission is a crime.

Because this bill would require action by the commission to implement certain of its requirements, a violation of these provisions would impose a state-mandated local program by expanding the definition of a crime.

This bill would place additional requirements upon local publicly owned electric utilities with respect to providing net surplus electricity compensation payments and credits, thereby imposing a state-mandated local program.

(2) In a decision, the commission adopted the California Solar Initiative to provide incentives to customer-side photovoltaics and solar thermal electric projects under one megawatt. Existing law requires the commission, in implementing the California Solar Initiative, as defined, to authorize the award of monetary incentives for up to the first megawatt of alternating current generated by a solar energy system, as defined, that meets eligibility criteria established by the State Energy

Resources Conservation and Development Commission. The eligibility requirements include a requirement that the solar energy system is intended primarily to offset part or all of the consumer's own electricity demand. Existing law requires the governing body of a local publicly owned utility that sells electricity at retail, to adopt, implement, and finance a solar initiative program, for the purpose of investing in, and encouraging the increased installation of, residential and commercial solar energy systems, meeting certain requirements. The eligibility requirements include the requirement that solar energy systems receiving monetary incentives are intended primarily to offset part or all of the consumer's own electricity demand.

This bill would provide that investments for solar energy systems that exceed the electricity demand of a consumer shall be permitted, but only the capacity needed to offset part or all of the electricity demand of the consumer is eligible for ratepayer funded monetary incentives pursuant to the solar initiative programs.

(3) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for specified reasons.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: yes.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 25782 of the Public Resources Code is  
2 amended to read:

3 25782. (a) The commission shall, by January 1, 2008, in  
4 consultation with the Public Utilities Commission, local publicly  
5 owned electric utilities, and interested members of the public,  
6 establish eligibility criteria for solar energy systems receiving  
7 ratepayer funded incentives that include all of the following:

8 (1) Design, installation, and electrical output standards or  
9 incentives.

10 (2) The solar energy system is intended primarily to offset part  
11 or all of the consumer's own electricity demand. Investments for  
12 solar energy systems that exceed the electricity demand of the  
13 consumer shall be permitted, but only the capacity needed to offset

1 part or all of the electricity demand of the consumer is eligible for  
2 ratepayer funded monetary incentives.

3 (3) All components in the solar energy system are new and  
4 unused, and have not previously been placed in service in any  
5 other location or for any other application.

6 (4) The solar energy system has a warranty of not less than 10  
7 years to protect against defects and undue degradation of electrical  
8 generation output.

9 (5) The solar energy system is located on the same premises of  
10 the end-use consumer where the consumer's own electricity  
11 demand is located.

12 (6) The solar energy system is connected to the electrical  
13 corporation's electrical distribution system within the state.

14 (7) The solar energy system has meters or other devices in place  
15 to monitor and measure the system's performance and the quantity  
16 of electricity generated by the system.

17 (8) The solar energy system is installed in conformance with  
18 the manufacturer's specifications and in compliance with all  
19 applicable electrical and building code standards.

20 (b) The commission shall establish conditions on ratepayer  
21 funded incentives that require all of the following:

22 (1) Appropriate siting and high quality installation of the solar  
23 energy system by developing installation guidelines that maximize  
24 the performance of the system and prevent qualified systems from  
25 being inefficiently or inappropriately installed. The conditions  
26 established by the commission shall not impact housing designs  
27 or densities presently authorized by a city, county, or city and  
28 county. The goal of this paragraph is to achieve efficient  
29 installation of solar energy systems to promote the greatest energy  
30 production per ratepayer dollar.

31 (2) Optimal solar energy system performance during periods of  
32 peak electricity demand.

33 (3) Appropriate energy efficiency improvements in the new or  
34 existing home or commercial structure where the solar energy  
35 system is installed.

36 (c) The commission shall set rating standards for equipment,  
37 components, and systems to ensure reasonable performance and  
38 shall develop standards that provide for compliance with the  
39 minimum ratings.

(d) Upon establishment of eligibility criteria pursuant to subdivision (a), no ratepayer funded incentives shall be made for a solar energy system that does not meet the eligibility criteria.

SEC. 2. Section 387.5 of the Public Utilities Code is amended to read:

387.5. (a) In order to further the state goal of encouraging the installation of 3,000 megawatts of photovoltaic solar energy in California within 10 years, the governing body of a local publicly owned electric utility that sells electricity at retail, shall adopt, implement, and finance a solar initiative program, funded in accordance with subdivision (b), for the purpose of investing in, and encouraging the increased installation of, residential and commercial solar energy systems.

(b) On or before January 1, 2008, a local publicly owned electric utility shall offer monetary incentives for the installation of solar energy systems of at least two dollars and eighty cents (\$2.80) per installed watt, or for the electricity produced by the solar energy system, measured in kilowatthours, as determined by the governing board of a local publicly owned electric utility, for photovoltaic solar energy systems. The incentive level shall decline each year thereafter at a rate of no less than an average of 7 percent per year.

(c) A local publicly owned electric utility shall initiate a public proceeding to fund a solar energy program to adequately support the goal of installing 3,000 megawatts of photovoltaic solar energy in California. The proceeding shall determine what additional funding, if any, is necessary to provide the incentives pursuant to subdivision (b). The public proceeding shall be completed and the comprehensive solar energy program established by January 1, 2008.

(d) The solar energy program of a local publicly owned electric utility shall be consistent with all of the following:

(1) That a solar energy system receiving monetary incentives comply with the eligibility criteria, design, installation, and electrical output standards or incentives established by the State Energy Resources Conservation and Development Commission pursuant to Section 25782 of the Public Resources Code.

(2) That solar energy systems receiving monetary incentives are intended primarily to offset part or all of the consumer's own electricity demand. Investments for solar energy systems that exceed the electricity demand of the consumer shall be permitted,

1 but only the capacity needed to offset part or all of the electricity  
2 demand of the consumer is eligible for ratepayer funded monetary  
3 incentives.

4 (3) That all components in the solar energy system are new and  
5 unused, and have not previously been placed in service in any  
6 other location or for any other application.

7 (4) That the solar energy system has a warranty of not less than  
8 10 years to protect against defects and undue degradation of  
9 electrical generation output.

10 (5) That the solar energy system be located on the same premises  
11 of the end-use consumer where the consumer's own electricity  
12 demand is located.

13 (6) That the solar energy system be connected to the electric  
14 utility's electrical distribution system within the state.

15 (7) That the solar energy system has meters or other devices in  
16 place to monitor and measure the system's performance and the  
17 quantity of electricity generated by the system.

18 (8) That the solar energy system be installed in conformance  
19 with the manufacturer's specifications and in compliance with all  
20 applicable electrical and building code standards.

21 (e) A local publicly owned electric utility shall, on an annual  
22 basis beginning June 1, 2008, make available to its customers, to  
23 the Legislature, and to the State Energy Resources Conservation  
24 and Development Commission, information relating to the utility's  
25 solar initiative program established pursuant to this section,  
26 including, but not limited to, the number of photovoltaic solar  
27 watts installed, the total number of photovoltaic systems installed,  
28 the total number of applicants, the amount of incentives awarded,  
29 and the contribution toward the program goals.

30 (f) In establishing the program required by this section, no  
31 moneys shall be diverted from any existing programs for  
32 low-income ratepayers, or from cost-effective energy efficiency  
33 or demand response programs.

34 (g) The statewide expenditures for solar programs adopted,  
35 implemented, and financed by local publicly owned electric utilities  
36 shall be seven hundred eighty-four million dollars (\$784,000,000).  
37 The expenditure level for each local publicly owned electric utility  
38 shall be based on that utility's percentage of the total statewide  
39 load served by all local publicly owned electric utilities.  
40 Expenditures by a local publicly owned electric utility may be less

1 than the utility's cap amount, provided that funding is adequate to  
2 provide the incentives required by subdivisions (a) and (b).

3 SEC. 3. Section 2827 of the Public Utilities Code is amended  
4 to read:

5 2827. (a) The Legislature finds and declares that a program  
6 to provide net energy metering, combined with net surplus  
7 compensation, co-energy metering, and wind energy co-metering  
8 for eligible customer-generators is one way to encourage substantial  
9 private investment in renewable energy resources, stimulate in-state  
10 economic growth, reduce demand for electricity during peak  
11 consumption periods, help stabilize California's energy supply  
12 infrastructure, enhance the continued diversification of California's  
13 energy resource mix, and reduce interconnection and administrative  
14 costs for electricity suppliers.

15 (b) As used in this section, the following terms have the  
16 following meanings:

17 (1) "Co-energy metering" means a program that is the same in  
18 all other respects as a net energy metering program, except that  
19 the local publicly owned electric utility has elected to apply a  
20 generation-to-generation energy and time-of-use credit formula  
21 as provided in subdivision (i).

22 (2) "Electrical cooperative" means an electrical cooperative as  
23 defined in Section 2776.

24 (3) ~~"Electric"~~ "Electricity distribution utility or cooperative"  
25 means an electrical corporation, a local publicly owned electric  
26 utility, or an electrical cooperative, or any other entity, except an  
27 electric service provider, that offers electrical service. This section  
28 shall not apply to a local publicly owned electric utility that serves  
29 more than 750,000 customers and that also conveys water to its  
30 customers.

31 (4) "Eligible customer-generator" means a residential, small  
32 commercial customer as defined in subdivision (h) of Section 331,  
33 commercial, industrial, or agricultural customer of an electricity  
34 distribution utility or cooperative, who uses a solar or a wind  
35 turbine electrical generating facility, or a hybrid system of both,  
36 with a capacity of not more than one megawatt that is located on  
37 the customer's owned, leased, or rented premises, *or the customer*  
38 *is the benefiting accountholder*, and is interconnected and operates  
39 in parallel with the electric grid.

(5) “Net energy metering” means measuring the difference between the electricity supplied through the electric grid and the electricity generated by an eligible customer-generator and fed back to the electric grid over a 12-month period as described in subdivision (h). An eligible customer-generator who already owns an existing solar or wind turbine electrical generating facility, or a hybrid system of both, is eligible to receive net energy metering service in accordance with this section.

(6) “Net surplus customer-generator” means an eligible customer-generator that ~~generates more electricity during a 12-month period than is supplied by the electric distribution utility or cooperative to~~, *during a 12-month period, generates more electricity than is supplied by the electricity distribution utility or cooperative to, or more electricity distribution utility or cooperative credits than the equivalent amount of electricity is used by*, the eligible customer-generator during the same 12-month period.

(7) “Net surplus electricity” means all electricity generated by an eligible customer-generator measured in kilowatthours over a 12-month period that exceeds the amount of electricity consumed, *or the number of electricity distribution utility or cooperative credits that exceeds the equivalent amount of electricity used*, by that eligible customer-generator.

(8) “Net surplus electricity compensation” means a payment at a per kilowatthour rate offered by the electric distribution utility or cooperative to the net surplus customer-generator for net surplus electricity pursuant to subdivision (h).

(9) “Ratemaking authority” means, for an electrical corporation, electrical cooperative, or electric service provider, the commission, and for a local publicly owned electric utility, the local elected body responsible for setting the rates of the local publicly owned utility.

(10) “Wind energy co-metering” means any wind energy project greater than 50 kilowatts, but not exceeding one megawatt, where the difference between the electricity supplied through the electric grid and the electricity generated by an eligible customer-generator and fed back to the electric grid over a 12-month period is as described in subdivision (h). Wind energy co-metering shall be accomplished pursuant to Section 2827.8.



(c) (1) Every electricity distribution utility or cooperative shall develop a standard contract or tariff providing for net energy metering, and shall make this standard contract or tariff available to eligible customer-generators, upon request, on a first-come-first-served basis until the time that the total rated generating capacity used by eligible customer-generators exceeds 2.5 percent of the electricity distribution utility or cooperative's aggregate customer peak demand. Net energy metering shall be accomplished using a single meter capable of registering the flow of electricity in two directions. An additional meter or meters to monitor the flow of electricity in each direction may be installed with the consent of the customer-generator, at the expense of the electricity distribution utility or cooperative, and the additional metering shall be used only to provide the information necessary to accurately bill or credit the customer-generator pursuant to subdivision (h), or to collect solar or wind electric generating system performance information for research purposes. If the existing electrical meter of an eligible customer-generator is not capable of measuring the flow of electricity in two directions, the customer-generator shall be responsible for all expenses involved in purchasing and installing a meter that is able to measure electricity flow in two directions. If an additional meter or meters are installed, the net energy metering calculation shall yield a result identical to that of a single meter.

(2) (A) On an annual basis, beginning in 2003, every electricity distribution utility or cooperative shall make available to the ratemaking authority information on the total rated generating capacity used by eligible customer-generators that are customers of that provider in the provider's service area.

(B) An electric service provider operating pursuant to Section 394 shall make available to the ratemaking authority the information required by this paragraph for each eligible customer-generator that is their customer for each service area of an electric corporation, local publicly owned electric utility, or electrical cooperative, in which the eligible customer-generator has net energy metering.

(C) The ratemaking authority shall develop a process for making the information required by this paragraph available to electricity distribution utilities and cooperatives, and for using that information to determine when, pursuant to paragraphs (1) and

1 (3), an electricity distribution utility or cooperative is not obligated  
2 to provide net energy metering to additional customer-generators  
3 in its service area.

4 (3) An electricity distribution utility or cooperative is not  
5 obligated to provide net energy metering to additional eligible  
6 customer-generators in its service area when the combined total  
7 peak demand of all electricity used by eligible customer-generators  
8 served by all the electricity distribution utilities or cooperatives in  
9 that service area furnishing net energy metering to eligible  
10 customer-generators exceeds 2.5 percent of the aggregate customer  
11 peak demand of those electricity distribution utilities or  
12 cooperatives.

13 (4) By January 1, 2010, the commission, in consultation with  
14 the Energy Commission, shall submit a report to the Governor and  
15 the Legislature on the costs and benefits of net energy metering,  
16 wind energy co-metering, and co-energy metering to participating  
17 customers and nonparticipating customers and with options to  
18 replace the economic costs and benefits of net energy metering,  
19 wind energy co-metering, and co-energy metering with a  
20 mechanism that more equitably balances the interests of  
21 participating and nonparticipating customers, and that incorporates  
22 the findings of the report on economic and environmental costs  
23 and benefits of net metering required by subdivision (n).

24 (d) Every electricity distribution utility or cooperative shall  
25 make all necessary forms and contracts for net energy metering  
26 and net surplus electricity compensation service available for  
27 download from the Internet.

28 (e) (1) Every electricity distribution utility or cooperative shall  
29 ensure that requests for establishment of net energy metering and  
30 net surplus electricity compensation are processed in a time period  
31 not exceeding that for similarly situated customers requesting new  
32 electric service, but not to exceed 30 working days from the date  
33 it receives a completed application form for net energy metering  
34 service or net surplus energy compensation, including a signed  
35 interconnection agreement from an eligible customer-generator  
36 and the electric inspection clearance from the governmental  
37 authority having jurisdiction.

38 (2) Every electricity distribution utility or cooperative shall  
39 ensure that requests for an interconnection agreement from an  
40 eligible customer-generator are processed in a time period not to

1 exceed 30 working days from the date it receives a completed  
2 application form from the eligible customer-generator for an  
3 interconnection agreement.

4 (3) If an electricity distribution utility or cooperative is unable  
5 to process a request within the allowable timeframe pursuant to  
6 paragraph (1) or (2), it shall notify the eligible customer-generator  
7 and the ratemaking authority of the reason for its inability to  
8 process the request and the expected completion date.

9 (f) (1) If a customer participates in direct transactions pursuant  
10 to paragraph (1) of subdivision (b) of Section 365 with an electric  
11 service provider that does not provide distribution service for the  
12 direct transactions, the electricity distribution utility or cooperative  
13 that provides distribution service for an eligible customer-generator  
14 is not obligated to provide net energy metering to the customer.

15 (2) If a customer participates in direct transactions pursuant to  
16 paragraph (1) of subdivision (b) of Section 365 with an electric  
17 service provider, and the customer is an eligible  
18 customer-generator, the electricity distribution utility or cooperative  
19 that provides distribution service for the direct transactions may  
20 recover from the customer's electric service provider the  
21 incremental costs of metering and billing service related to net  
22 energy metering in an amount set by the ratemaking authority.

23 (g) Except for the time-variant kilowatthour pricing portion of  
24 any tariff adopted by the commission pursuant to paragraph (4) of  
25 subdivision (a) of Section 2851, each net energy metering contract  
26 or tariff shall be identical, with respect to rate structure, all retail  
27 rate components, and any monthly charges, to the contract or tariff  
28 to which the same customer would be assigned if the customer did  
29 not use an eligible solar or wind electrical generating facility,  
30 except that eligible customer-generators shall not be assessed  
31 standby charges on the electrical generating capacity or the  
32 kilowatthour production of an eligible solar or wind electrical  
33 generating facility. The charges for all retail rate components for  
34 eligible customer-generators shall be based exclusively on the  
35 customer-generator's net kilowatthour consumption over a  
36 12-month period, without regard to the customer-generator's choice  
37 as to whom it purchases electricity that is not self-generated. Any  
38 new or additional demand charge, standby charge, customer charge,  
39 minimum monthly charge, interconnection charge, or any other  
40 charge that would increase an eligible customer-generator's costs

beyond those of other customers who are not eligible customer-generators in the rate class to which the eligible customer-generator would otherwise be assigned if the customer did not own, lease, rent, or otherwise operate an eligible solar or wind electrical generating facility are contrary to the intent of this section, and shall not form a part of net energy metering contracts or tariffs.

(h) For eligible residential and small commercial customer-generators, the net energy metering calculation shall be made by measuring the difference between the electricity supplied to the eligible customer-generator and the electricity generated by the eligible customer-generator and fed back to the electric grid over a 12-month period. The following rules shall apply to the annualized net metering calculation:

(1) The eligible residential or small commercial customer-generator shall, at the end of each 12-month period following the date of final interconnection of the eligible customer-generator's system with an electricity distribution utility or cooperative, and at each anniversary date thereafter, be billed for electricity used during that 12-month period. The electricity distribution utility or cooperative shall determine if the eligible residential or small commercial customer-generator was a net consumer or a net surplus customer-generator during that period.

(2) At the end of each 12-month period, where the electricity supplied during the period by the electricity distribution utility or cooperative exceeds the electricity generated by the eligible residential or small commercial customer-generator during that same period, the eligible residential or small commercial customer-generator is a net electricity consumer and the electricity distribution utility or cooperative shall be owed compensation for the eligible customer-generator's net kilowatthour consumption over that 12-month period. The compensation owed for the eligible residential or small commercial customer-generator's consumption shall be calculated as follows:

(A) For all eligible customer-generators taking service under contracts or tariffs employing "baseline" and "over baseline" rates or charges, any net monthly consumption of electricity shall be calculated according to the terms of the contract or tariff to which the same customer would be assigned to, or be eligible for, if the customer was not an eligible customer-generator. If those same

1 customer-generators are net generators over a billing period, the  
2 net kilowatthours generated shall be valued at the same price per  
3 kilowatthour as the electricity distribution utility or cooperative  
4 would charge for the baseline quantity of electricity during that  
5 billing period, and if the number of kilowatthours generated  
6 exceeds the baseline quantity, the excess shall be valued at the  
7 same price per kilowatthour as the electricity distribution utility  
8 or cooperative would charge for electricity over the baseline  
9 quantity during that billing period.

10 (B) For all eligible customer-generators taking service under  
11 contracts or tariffs employing “time-of-use” rates or charges, any  
12 net monthly consumption of electricity shall be calculated  
13 according to the terms of the contract or tariff to which the same  
14 customer would be assigned to, or be eligible for, if the customer  
15 was not an eligible customer-generator. When those same  
16 customer-generators are net generators during any discrete  
17 time-of-use period, the net kilowatthours produced shall be valued  
18 at the same price per kilowatthour as the electricity distribution  
19 utility or cooperative would charge for retail kilowatthour sales  
20 during that same “time-of-use” period. If the eligible  
21 customer-generator’s “time-of-use” electrical meter is unable to  
22 measure the flow of electricity in two directions, subparagraph  
23 (A) of paragraph (1) of subdivision (c) shall apply.

24 (C) For all eligible residential and small commercial  
25 customer-generators and for each billing period, the net balance  
26 of moneys owed to the electricity distribution utility or cooperative  
27 for net consumption of electricity or credits owed to the eligible  
28 customer-generator for net generation of electricity shall be carried  
29 forward as a monetary value until the end of each 12-month period.  
30 For all eligible commercial, industrial, and agricultural  
31 customer-generators, the net balance of moneys owed shall be paid  
32 in accordance with the electricity distribution utility or  
33 cooperative’s normal billing cycle, except that if the eligible  
34 commercial, industrial, or agricultural customer-generator is a net  
35 electricity producer over a normal billing cycle, any excess  
36 kilowatthours generated during the billing cycle shall be carried  
37 over to the following billing period as a monetary value, calculated  
38 according to the procedures set forth in this section, and appear as  
39 a credit on the eligible customer-generator’s account, until the end  
40 of the annual period when paragraph (3) shall apply.

(3) At the end of each 12-month period, where the electricity generated by the eligible customer-generator during the 12-month period exceeds the electricity supplied by the electricity distribution utility or cooperative during that same period, *or where the number of electricity distribution utility or cooperative credits generated by the eligible customer-generator during the 12-month period exceeds the equivalent amount of electricity used by the eligible customer-generator during that same period*, the eligible customer-generator is a net surplus customer-generator and the electricity distribution utility or cooperative shall, at the discretion of the eligible customer-generator, either: (A) provide a net surplus electricity compensation payment for any net surplus electricity generated, *or electricity distribution utility or cooperative credits owed*, during the prior 12-month period, or (B) allow the eligible customer-generator to apply the net surplus electricity, *or electricity distribution utility or cooperative credits owed*, as a credit for kilowatthours consumed during the following, or any subsequent, 12-month period.

(4) Net surplus electricity compensation shall provide for payment for every kilowatthour of electricity, *or electricity distribution utility or cooperative credit owed*, that is not less than the existing market cost for electricity (market price referent) as determined by the commission pursuant to subdivision (c) of Section 399.15.

(5) The electricity distribution utility or cooperative shall provide every eligible residential or small commercial customer-generator with net electricity consumption and net surplus electricity generation information with each regular bill. That information shall include the current monetary balance owed the electricity distribution utility or cooperative for net electricity consumed, or the net surplus electricity generated, since the last 12-month period ended. Notwithstanding this subdivision, an electricity distribution utility or cooperative shall permit that customer to pay monthly for net energy consumed.

(6) If an eligible residential or small commercial customer-generator terminates the customer relationship with the electricity distribution utility or cooperative, the electricity distribution utility or cooperative shall reconcile the eligible customer-generator's consumption and production of electricity during any part of a 12-month period following the last

1 reconciliation, according to the requirements set forth in this  
2 subdivision, except that those requirements shall apply only to the  
3 months since the most recent 12-month bill.

4 (7) If an electric service provider or electricity distribution utility  
5 or cooperative providing net energy metering to a residential or  
6 small commercial customer-generator ceases providing that electric  
7 service to that customer during any 12-month period, and the  
8 customer-generator enters into a new net energy metering contract  
9 or tariff with a new electric service provider or electricity  
10 distribution utility or cooperative, the 12-month period, with respect  
11 to that new electric service provider or electricity distribution utility  
12 or cooperative, shall commence on the date on which the new  
13 electric service provider or electricity distribution utility or  
14 cooperative first supplies electric service to the customer-generator.

15 (i) Notwithstanding any other provisions of this section, the  
16 following provisions shall apply to an eligible customer-generator  
17 with a capacity of more than 10 kilowatts, but not exceeding one  
18 megawatt, that receives electric service from a local publicly owned  
19 electric utility that has elected to utilize a co-energy metering  
20 program unless the local publicly owned electric utility chooses  
21 to provide service for eligible customer-generators with a capacity  
22 of more than 10 kilowatts in accordance with subdivisions (g) and  
23 (h):

24 (1) The eligible customer-generator shall be required to utilize  
25 a meter, or multiple meters, capable of separately measuring  
26 electricity flow in both directions. All meters shall provide  
27 “time-of-use” measurements of electricity flow, and the customer  
28 shall take service on a time-of-use rate schedule. If the existing  
29 meter of the eligible customer-generator is not a time-of-use meter  
30 or is not capable of measuring total flow of energy in both  
31 directions, the eligible customer-generator shall be responsible for  
32 all expenses involved in purchasing and installing a meter that is  
33 both time-of-use and able to measure total electricity flow in both  
34 directions. This subdivision shall not restrict the ability of an  
35 eligible customer-generator to utilize any economic incentives  
36 provided by a government agency or an electricity distribution  
37 utility or cooperative to reduce its costs for purchasing and  
38 installing a time-of-use meter.

39 (2) The consumption of electricity from the local publicly owned  
40 electric utility shall result in a cost to the eligible

1 customer-generator to be priced in accordance with the standard  
2 rate charged to the eligible customer-generator in accordance with  
3 the rate structure to which the customer would be assigned if the  
4 customer did not use an eligible solar or wind electrical generating  
5 facility. The generation of electricity provided to the local publicly  
6 owned electric utility shall result in a credit to the eligible  
7 customer-generator and shall be priced in accordance with the  
8 generation component, established under the applicable structure  
9 to which the customer would be assigned if the customer did not  
10 use an eligible solar or wind electrical generating facility.

11 (3) All costs and credits shall be shown on the eligible  
12 customer-generator's bill for each billing period. In any months  
13 in which the eligible customer-generator has been a net consumer  
14 of electricity calculated on the basis of value determined pursuant  
15 to paragraph (2), the customer-generator shall owe to the local  
16 publicly owned electric utility the balance of electricity costs and  
17 credits during that billing period. In any billing period in which  
18 the eligible customer-generator has been a net producer of  
19 electricity calculated on the basis of value determined pursuant to  
20 paragraph (2), the local publicly owned electric utility shall owe  
21 to the eligible customer-generator the balance of electricity costs  
22 and credits during that billing period. Any net credit to the eligible  
23 customer-generator of electricity costs may be carried forward to  
24 subsequent billing periods, provided that a local publicly owned  
25 electric utility may choose to carry the credit over as a kilowatthour  
26 credit consistent with the provisions of any applicable contract or  
27 tariff, including any differences attributable to the time of  
28 generation of the electricity. At the end of each 12-month period,  
29 the local publicly owned electric utility may reduce any net credit  
30 due to the eligible customer-generator to zero.

31 (j) A solar or wind turbine electrical generating system, or a  
32 hybrid system of both, used by an eligible customer-generator shall  
33 meet all applicable safety and performance standards established  
34 by the National Electrical Code, the Institute of Electrical and  
35 Electronics Engineers, and accredited testing laboratories, including  
36 Underwriters Laboratories and, where applicable, rules of the  
37 commission regarding safety and reliability. A customer-generator  
38 whose solar or wind turbine electrical generating system, or a  
39 hybrid system of both, meets those standards and rules shall not



1 be required to install additional controls, perform or pay for  
2 additional tests, or purchase additional liability insurance.

3 (k) If the commission determines that there are cost or revenue  
4 obligations for an electric corporation, as defined in Section 218,  
5 that may not be recovered from customer-generators acting  
6 pursuant to this section, those obligations shall remain within the  
7 customer class from which any shortfall occurred and may not be  
8 shifted to any other customer class. Net energy metering and  
9 co-energy metering customers shall not be exempt from the public  
10 goods charges imposed pursuant to Article 7 (commencing with  
11 Section 381), Article 8 (commencing with Section 385), or Article  
12 15 (commencing with Section 399) of Chapter 2.3 of Part 1. In its  
13 report to the Legislature, the commission shall examine different  
14 methods to ensure that the public goods charges remain  
15 nonbypassable.

16 (l) A net energy metering, co-energy metering, or wind energy  
17 co-metering customer shall reimburse the Department of Water  
18 Resources for all charges that would otherwise be imposed on the  
19 customer by the commission to recover bond-related costs pursuant  
20 to an agreement between the commission and the Department of  
21 Water Resources pursuant to Section 80110 of the Water Code,  
22 as well as the costs of the department equal to the share of the  
23 department's estimated net unavoidable power purchase contract  
24 costs attributable to the customer. The commission shall  
25 incorporate the determination into an existing proceeding before  
26 the commission, and shall ensure that the charges are  
27 nonbypassable. Until the commission has made a determination  
28 regarding the nonbypassable charges, net energy metering,  
29 co-energy metering, and wind energy co-metering shall continue  
30 under the same rules, procedures, terms, and conditions as were  
31 applicable on December 31, 2002.

32 (m) In implementing the requirements of subdivisions (k) and  
33 (l), a customer-generator shall not be required to replace its existing  
34 meter except as set forth in subparagraph (A) of paragraph (1) of  
35 subdivision (c), nor shall the electricity distribution utility or  
36 cooperative require additional measurement of usage beyond that  
37 which is necessary for customers in the same rate class as the  
38 eligible customer-generator.

39 (n) It is the intent of the Legislature that the Treasurer  
40 incorporate net energy metering, co-energy metering, and wind

1 energy co-metering projects undertaken pursuant to this section  
2 as sustainable building methods or distributive energy technologies  
3 for purposes of evaluating low-income housing projects.

4 SEC. 4. No reimbursement is required by this act pursuant to  
5 Section 6 of Article XIII B of the California Constitution because  
6 the only costs that may be incurred by a local agency or school  
7 district will be incurred because this act creates a new crime or  
8 infraction, eliminates a crime or infraction, or changes the penalty  
9 for a crime or infraction, within the meaning of Section 17556 of  
10 the Government Code, or changes the definition of a crime within  
11 the meaning of Section 6 of Article XIII B of the California  
12 Constitution.

13 With respect to certain other costs, no reimbursement is required  
14 by this act pursuant to Section 6 of Article XIII B of the California  
15 Constitution because a local agency or school district has the  
16 authority to levy service charges, fees, or assessments sufficient  
17 to pay for the program or level of service mandated by this act,  
18 within the meaning of Section 17556 of the Government Code.